

# Legislative Assembly of Alberta



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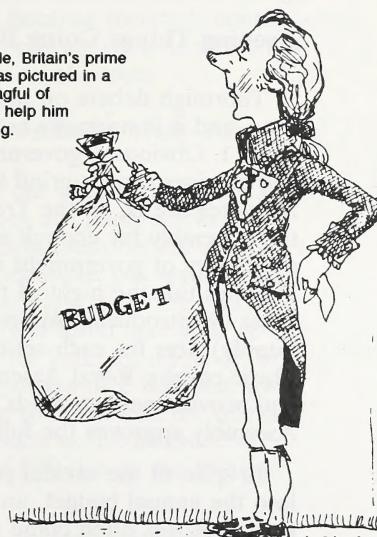
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Fact Sheet No. 3

## Putting Your Tax Dollars to Work

Centuries ago Parliament came into being in Great Britain to control the monarch's use of public funds. Alberta's Legislative Assembly, which is modeled on the British Parliament, keeps watch over your tax dollars through the budget process.

In 1733 Sir Robert Walpole, Britain's prime minister and treasurer, was pictured in a political cartoon with a bagful of medicines and charms to help him plan government spending. The bag was called a "budget" after the French word for bag, *bouge*, and from then on "budget" was used to refer to a government treasury's revenue and expense plan for the year.



The government, guided by the **Provincial Treasurer**, calculates the budget **estimates** for all of its departments. They are then debated and voted on by all the Members of the Legislative Assembly, representing the taxpayers. The government, which in the parliamentary sense means the Premier and the cabinet,

cannot levy taxes or spend them without the approval of the members elected by the people who pay the taxes in the first place.

### Calculating the Budget

The Provincial Treasurer's budget covers a fiscal year, which is a 12-month accounting period from April 1 to March 31. But the budget process starts long before a fiscal year begins. Before a budget can be drawn up, the Provincial Treasurer must determine the economic outlook for the fiscal year. The Treasurer might meet with people from the financial and business communities in New York or other financial capitals to assess energy pricing and other important financial matters. Knowing how much revenue to expect from major sources such as oil and gas sales helps the Treasurer to determine how much money the government will have to spend.

The Treasurer then asks cabinet ministers to submit their departments' budget proposals to Treasury. Department budgets are based on the programs the departments offer to the public. The whole cabinet as well as various cabinet committees discusses the budget proposals in meetings with the Treasury Department and decides which programs should have priority. The cabinet looks for programs that get the intended results and thus use your tax dollars most effectively, efficiently, and economically.

Alberta actually has three budgets and three sets of estimates. The **main estimates** cover spending from the **General Revenue Fund**, the province's main account. **Alberta Capital Fund** estimates pay for projects such as hospitals, colleges, and so on, while

the Capital Projects Division of the Heritage Savings Trust Fund finances projects that may not provide any monetary return but have long-term benefits for Albertans; for example, the Alberta Heritage Scholarship Fund.

Once the entire budget has been calculated and approved by the cabinet and Treasury, the Treasurer prepares a **Budget Address** and documents containing the detailed estimates for each department. The Treasurer usually delivers the Budget Address to the Assembly within two weeks of the session's opening. It is accompanied by much ceremony — and no wonder. It is one of the most important documents of the session.

### Debating the Budget

Just before the Budget Address to the Assembly, the Provincial Treasurer moves a motion "that the Assembly approve in general the fiscal policies of the government." For the next few days all Members of the Legislative Assembly may debate this motion in the **budget debate**, expounding on why the government's spending plans should be approved or rejected. By tradition, the motion is never put to a vote. Its purpose is to provide a public setting for MLAs from both the governing party and the opposition to defend or criticize the government's overall financial policies.

Following the budget debate the Legislative Assembly must debate the actual department estimates in detail. To do so, MLAs meet as the **Committee of Supply**. This committee is made up of the whole House and refereed by the Chairman of Committees rather than the Speaker. "Supply" refers to the money granted to the government by the Legislature to meet the expenditures contained in the budget.

The Committee of Supply debates expenditures department by department for 25 days. In practice, expenditures are almost always approved as long as the governing party holds a majority of seats in the House, because any difficult areas are worked out by cabinet in its earlier meetings. Committee study does, however, give MLAs a chance to debate the government's spending priorities in the public

eye and to ask ministers about their spending plans.

Not every department can be covered within the 25 allotted days, so on the 25th day the Chairman calls an omnibus vote for all departments whose estimates have not yet been voted. MLAs then debate and vote on the estimates for the Alberta Heritage Savings Trust Fund's capital projects and the Alberta Capital Fund.

Once the estimates have been approved by the Committee of Supply, they are presented to the House in the form of Bills called **Appropriation Acts**. The Treasurer introduces three Appropriation Acts, one for each set of estimates. The Bills, like all other Bills, must pass three readings in the Assembly and be approved by the Committee of the Whole before they can become law (see Fact Sheet No. 4, *Making Alberta's Laws*). Once approved, they receive Royal Assent from the Lieutenant Governor, and Treasury then has the authority to release your tax dollars to each department.

### Keeping Things Going Between Budgets

Thorough debate on the budget takes time, and it is normally not completed by April 1. Obviously, government programs and services cannot grind to a halt until all the votes are in, so the Treasurer must ask the Assembly for enough supply to run the machinery of government in the meantime. He does this the night of the Budget Address by introducing **Appropriation (Interim Supply) Acts** for each set of estimates. These receive Royal Assent before April 1 and provide enough funds to last until the Assembly approves the full budget.

In spite of the careful planning that goes into the annual budget, unexpected and urgent expenses often come up during the year. When they do, the Treasurer may ask the cabinet and the Lieutenant Governor for additional funds. These are called **Special Warrants**. MLAs do not debate Special Warrants before they are approved by cabinet. Instead these emergency funds are included in the next year's estimates and an Appropriation Act, and they are debated then.